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July 16, 2002

WRITTEN EX PARTE

Ms Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

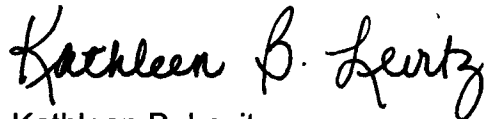
Re: CC Docket No. 02-150

Dear Ms Dortch:

On July 16, 2002, we supplied the attached written material, at its request, to the Department of Justice. This material relates to notification given CLECs and regulators of changes to the methods used to calculate BellSouth's performance metrics and to the response of the Florida Public Service Commission and its staff to issues raised in the KPMG draft Final Report of results in the Florida Third-Party Test of BellSouth's OSS.

I am filing two copies of this notice of this *ex parte* in the docket identified above, as required by Commission rules, and request that you associate this notice with the record of that proceeding. If you have any questions concerning this, please call me at 202.463.4113. Thank you.

Sincerely,



Kathleen B. Levitz

Attachment

cc: Aaron Goldberger
Susan Pié
James Davis-Smith (Department of Justice)
Luin Fitch (Department of Justice)

**BELLSOUTH'S MODIFIED PROPOSED PMAP
NOTIFICATION PROCESS AS AMENDED BY GPSC STAFF**

To address the issues raised by the Southeastern Competitive Carriers Association ("SECCA") in its "Emergency Motion" filed with the Commission on June 12, 2002. BellSouth proposes the following notification process:

- On the first business day of the month preceding the data month for which BellSouth proposes to make any change to the method by its performance data is calculated, BellSouth will provide written notice of any such proposed changes (hereinafter referred to as "Proposed Data Changes"). This notice will identify the affected measure(s), describe the proposed change, provide a reason for the proposed change, and outline its impact, ~~if known~~. At the same time BellSouth will provide written notice of any known changes BellSouth is considering making to the method of calculating performance data for the following data month (hereinafter referred to as "Preliminary Data Changes"). This written notice shall be served electronically on all parties in Docket 7892-U and will be posted on the PMAP website.
- No later than four (4) business days after the written notice referenced above has been provided, BellSouth will conduct an industry conference call at which time affected parties as well as the Commission can ask questions about either the Proposed Data Changes or the Preliminary Data Changes. The call will be conducted from 2:00 to 5:00 p.m. (Eastern Time).
- No later than ten (10) business days after the industry conference call, affected parties must file written comments with the Commission to the extent they have objections or concerns about the Proposed Data Changes. These comments shall be served electronically on all parties in Docket 7892-U, and BellSouth shall have the opportunity to file a response, if necessary.
- The Proposed Data Changes set forth in the written notice referenced above would be presumptively valid and deemed approved by the Commission effective thirty (30) calendar days after that notice, unless the Commission orders otherwise.

Using August data as an example (which is the first data month for which BellSouth's proposal could be implemented), on July 1, 2002, BellSouth would provide written notice of any Proposed Data Changes that BellSouth intends to

make to the method of calculating August performance data. The notice also would include written notice of any known Preliminary Data Changes that BellSouth is considering making in the calculation of September performance data. An industry call to discuss those changes would be held no later than July 8, 2002, and any comments by affected parties concerning the Proposed Data Changes would have to be filed with the Commission no later than July 22, 2002. Unless the Commission staff directs BellSouth not to go forward with the changes, orders otherwise, the Proposed Data Changes outlined in the July 1 notice would be deemed approved on July 31, 2002 and would be used in calculating August performance data, which BellSouth would post on September 30, 2002.

On August 1, 2002, BellSouth would provide written notice of any Proposed Data Changes that BellSouth intends to make to the method of calculating September performance data. The notice also would include written notice of any known Preliminary Data Changes that BellSouth is considering making in the calculation of October performance data. An industry call to discuss these changes would be held no later than August 7, 2002 and any comments by affected parties concerning the Proposed Data Changes would have to be filed no later than August 21, 2002. Unless the Commission staff directs BellSouth not to go forward with the changes, orders otherwise, the Proposed Data Changes outlined in the August 1 notice would be deemed approved on August 31, 2002 and would be used in calculating September performance data, which BellSouth would post on October 31, 2002.

BellSouth must provide notice of any changes to the calculation of performance data that are made in response to the audit being conducted by KPMG; however such changes are deemed approved automatically.

1 BEFORE THE GEORGIA PUBLIC SERVICE COMMISSION

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ADMINISTRATIVE SESSION

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10 Hearing Room 110
11 244 Washington Street
 Atlanta, Georgia

12 Tuesday, July 2, 2002

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14 The administrative session was called to order at
15 10:00 a.m., pursuant to Notice.

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PRESENT WERE:

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DAVID L. BURGESS, Chairman
LAUREN MCDONALD, JR., Vice Chairman
ROBERT BAKER, Commissioner
EARLEEN SIZEMORE, Commissioner

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1 P R O C E E D I N G S

2 CHAIRMAN BURGESS: Good morning. This is the
3 Administrative Session for July the 2nd, 2002.

4 Before we begin this morning with our Utilities
5 Agenda, it's my pleasure to acknowledge the presence of our
6 newest member of the Public Service Commission Commissioner
7 Earleen Sizemore. Commissioner Sizemore, we look forward to
8 really working with you for many, many years to come.

9 COMMISSIONER SIZEMORE: Thank you.

10 CHAIRMAN BURGESS: And it's good to have some
11 beauty on the bench for a while.

12 COMMISSIONER SIZEMORE: Let me tell you
13 something. The first year I was campaigning back in '74,
14 you mention the beauty, when I went around to some of the
15 rural areas campaigning, I walked up to this farmer and I
16 said, hey, sure would appreciate your vote for the upcoming
17 election. That was when I was running for the State House.
18 He said, oh, boy. Okay, good. He said we've been voting
19 for brains, but this time we're going to vote for beauty;
20 and I said I hope you get two for the price of one.

21 CHAIRMAN BURGESS: As I say, it's a privilege to
22 serve with you and we're glad to have you here.

23 I also want to acknowledge the fact that Bill
24 Edge is back with us today. Bill has been serving his
25 country well; and Bill, we're glad to have you back at the

1 Commission with us too.

2 With that, we'll proceed now with our Utilities
3 Agenda. First of all, we have a consent agenda before us
4 that has 16 items on it. Is there any questions or comments
5 on any of the items on the consent agenda?

6 (No response.)

7 CHAIRMAN BURGESS: If not, all in favor of
8 adoption of the consent agenda, please say aye.

9 COMMISSIONER BAKER: Aye.

10 CHAIRMAN BURGESS: Aye.

11 VICE CHAIRMAN MCDONALD: Aye.

12 COMMISSIONER SIZEMORE: Aye.

13 CHAIRMAN BURGESS: The agenda is approved on a
14 vote of 4-0. Voting in favor: Commissioner McDonald,
15 Commissioner Sizemore, Commissioner Baker, and Commissioner
16 Burgess.

17 We'll move to Item R-1 now.

18 MS. O'LEARY: Commissioners, good morning. Item
19 R-1 is Docket Number 8044-U: Consideration of Commission
20 approval for Staff to issue a NOPR to revise Georgia Public
21 Service Commission Natural Gas Marketers' Certificate of
22 Authority Rules specifically Existing Rules 515-7-3-.01
23 through -.08.

24 In a prior NOPR that was issued on May 7, 2002,
25 staff sought approval to make modifications to the existing

1 marketer certification rules in this particular chapter to
2 acknowledge that EMC gas affiliates are now authorized to
3 obtain your approval for obtaining certificates to market
4 natural gas. Since it is expected that a number of EMCs
5 would seek certification imminently, the rules proposed in
6 that NOPR were adopted as presented on June 18th without a
7 second round of comments being obtained and a second NOPR
8 being issued.

9 The second NOPR before you incorporates some of
10 the comments recommended by interested parties through their
11 written filings and oral comments at the hearing on June
12 18th. It also contains a number of modifications to
13 existing rules that need to be made in order for this agency
14 to be in compliance with the directives of House Bill 1568.

15 The modifications proposed affect existing Rules
16 515-7-3-.01 through 8 which are the subject of the NOPR.
17 Specifically the changes contemplated include specifications
18 as to how financial transactions will be made in book by EMC
19 gas affiliates in their cost allocation manuals and annual
20 filings, a correction of a typographical error, the removal
21 of definitions that do not or will not belong in these rules
22 any longer, modifications to the existing deposit rules,
23 expansion in the avenues through which complaints can be
24 filed by consumers, and a deletion of one of the purposes of
25 the rules necessitated by proposed changes in their overall

1 content.

2 Also please note that since your agenda packages
3 were distributed yesterday, there's been a slight change
4 made to the annual filing information being endorsed on page
5 12 of the NOPR. The language that is listed in your version
6 of Item D on that page should be disregarded and be deemed
7 to be replaced with the following: It should be which
8 annual filing shall itemize financial summary information in
9 the form of Federal Energy Regulatory Commission (FERC)
10 account codes as requested by the Commission staff.

11 With that one change, staff requests that the
12 Commission issue this NOPR to contemplate making these
13 modifications. It is anticipated that interested parties
14 will be given until August 5th, 2002 to file comments which
15 will be evaluated by staff and additional action, if any,
16 then will be recommended at administration session presently
17 scheduled for August 20th. Copies of those NOPRs, advance
18 copies, are over there with the correction page if anyone
19 would like one.

20 CHAIRMAN BURGESS: Commissioners, you've heard
21 the recommendation of staff. Any question or comments?

22 (No response.)

23 CHAIRMAN BURGESS: All in favor of adoption of
24 the staff recommendation, say aye.

25 COMMISSIONER BAKER: Aye.

1 CHAIRMAN BURGESS: Aye.

2 COMMISSIONER SIZEMORE: Aye.

3 VICE CHAIRMAN MCDONALD: Aye.

4 CHAIRMAN BURGESS: All opposed.

5 (No response.)

6 CHAIRMAN BURGESS: It's approved on a vote of
7 4-0.

8 R-2.

9 MS. O'LEARY: R-2 is Docket Number 1565-U:

10 Consideration of Commission approval for Staff to issue a
11 NOPR to create a new rule chapter Natural Gas Marketers'
12 Certificate, excuse me, Natural Gas Marketers' Customer
13 Enrollment Procedures, Commission Rules 515-7-10 and to
14 repeal existing Commission Rule 515-7-3-.09 through .13.

15 Staff is requesting approval to issue a NOPR in
16 this docket, the primary purpose of which is to create a new
17 utility rule chapter that includes Commission's written
18 regulations regarding the enrollment of customers by natural
19 gas marketers. In doing so, staff is proposing to remove
20 existing Rules .09 through .13 in the chapter named
21 Marketer, excuse me, Natural Gas Marketers' Certificate of
22 Authority and to place them in the new rule chapter 515-7-10
23 which will be entitled Natural Gas Marketer Customer
24 Enrollment Procedures. These rules being moved are
25 currently known in the utility community as the slamming

1 rules.

2 In addition to moving these rules to a new
3 chapter, it's also necessary to make some substantive
4 modifications to them as they presently read in order to
5 broaden their language and update it to meet the ongoing
6 needs of the Commission's Consumer Affairs Section in
7 handling and investigating customer complaints. Further
8 certain provisions of the rules pertain to the mandates of
9 House Bill 1568 specifically as they relate to the concept
10 of a regulated provider, the introduction of a
11 self-executing mechanism for which marketers are to operate
12 to resolve consumer disputes, a requirement that disclosures
13 be made to consumers upon enrollment for service of
14 marketers, and the placement of restrictions on the
15 reporting of involuntarily switched customers to credit
16 agencies.

17 If approved Utility Rule Chapter 515-7-10, it
18 will then be the recommendation of staff that the Commission
19 also take action to contemporaneously repeal existing Rules
20 515-7-3-.09 through .13 from the Marketer Gas, excuse me,
21 the Natural Gas Marketers' Certificate of Authority chapter
22 in 515-7-3.

23 As per the NOPR, interested parties may file
24 comments on or before 4:00 o'clock on August 5th. These
25 comments will be evaluated by staff for further action, if

1 any, which will be recommended at the administrative session
2 on August 20th, 2002. Again there are copies over there if
3 anyone would like them in advance of mailing.

4 CHAIRMAN BURGESS: Commissioners, you heard the
5 recommendation of staff. Any questions or comments?

6 (No response.)

7 CHAIRMAN BURGESS: Hearing none, all in favor of
8 adoption of staff recommendation, say aye.

9 COMMISSIONER BAKER: Aye.

10 CHAIRMAN BURGESS: Aye.

11 COMMISSIONER SIZEMORE: Aye.

12 VICE CHAIRMAN MCDONALD: Aye.

13 CHAIRMAN BURGESS: Opposed.

14 (No response.)

15 CHAIRMAN BURGESS: It's approved on a vote of
16 4-0.

17 R-3.

18 MR. KILLINGS: Commissioners, Item R-3 is Docket
19 Numbers 12551-U and 15585-U: New Power Company's Petition
20 to Transfer Customers in Southern Company Gas LLC
21 Application for Natural Gas Certificate of Authority:
22 Consideration of Staff's Proposed Procedural and Scheduling
23 Order.

24 Commissioners, as stated last Thursday during the
25 Energy Committee, the staff proposes the following

1 procedural and scheduling order. Testimony to be filed by
2 Southern Company Gas on July 8th. The hearing to be held on
3 Monday, July 16th beginning at 11:00 a.m. Briefs and
4 proposed --

5 VICE CHAIRMAN MCDONALD: July 16th is a Tuesday.

6 MR. KILLINGS: I'm sorry. Thank you. Tuesday.
7 And briefs and proposed orders filed by 4:00 p.m. on July
8 19th, and the decision at 10:00 a.m. on July 23rd at a
9 special Administrative Session.

10 Per your request, Commissioner Burgess, here are
11 some alternative dates. Testimony to be filed by Southern
12 Company Gas on July 5th. The hearings would be held on
13 Monday, I'm sorry, Tuesday, July 16th beginning at 11:00
14 a.m. Briefs and proposed orders filed by 2:00 p.m. on July
15 18th, and the decision at 2:00 p.m. on July 19th at a
16 special Administrative Session.

17 It was requested that the staff come up with
18 expedited dates, but staff's recommendation remains the
19 same.

20 CHAIRMAN BURGESS: Commissioners, you've heard
21 the recommendation of staff. Any question or comments
22 regarding staff recommendation?

23 (No response.)

24 CHAIRMAN BURGESS: If I understand the staff
25 recommendation, you're recommending your original schedule.

1 MR. KILLINGS: That's correct.

2 CHAIRMAN BURGESS: All in favor of adoption of
3 staff recommendation, say aye.

4 VICE CHAIRMAN MCDONALD: Mr. Chairman, one
5 second. The original schedule, July the 8th; is that
6 correct?

7 CHAIRMAN BURGESS: That's right.

8 VICE CHAIRMAN MCDONALD: I move we adopt the
9 amended schedule suggested by the Chairman.

10 CHAIRMAN BURGESS: We've got a motion from
11 Commissioner McDonald to adopt the amended schedule that
12 calls for testimony to be filed on the 5th, hearing on the
13 16th, briefs to be filed on the 18th, and decision on the
14 19th. Any questions or comments regarding that motion?

15 (No response.)

16 CHAIRMAN BURGESS: All in favor of the motion,
17 say aye.

18 COMMISSIONER SIZEMORE: Aye.

19 CHAIRMAN BURGESS: Aye.

20 VICE CHAIRMAN MCDONALD: Aye.

21 CHAIRMAN BURGESS: All opposed.

22 COMMISSIONER BAKER: No.

23 CHAIRMAN BURGESS: The motion's approved on the
24 vote of 3-1. Voting in favor of the motion: Commissioner
25 McDonald, Commissioner Sizemore, Commissioner Burgess.

1 Voting against the motion: Commissioner Baker.

2 MR. KILLINGS: Thank you.

3 CHAIRMAN BURGESS: Item R-4.

4 VICE CHAIRMAN MCDONALD: Mr. Chairman, at the
5 Energy Committee meeting, counsel for Savannah Power and
6 Electric alluded to the fact that that particular day as we
7 speak there was a meeting with the market raters, Standard &
8 Poor or Moody, I forget which one it was, that they were
9 meeting with Savannah Electric and then staff presented a
10 report that Moody's had given regarding some financial
11 standings of Savannah Power and Electric. In light of the
12 meeting that was taking place last Thursday on committee day
13 according to counsel for SEPCO, I would like for this item
14 to be held until we can get the report from that meeting
15 with the market people.

16 CHAIRMAN BURGESS: We've got a request to hold
17 Item R-4. The item will be held and we'll take it up at the
18 next Energy Committee, to be put on the next Administrative
19 Session for a final vote.

20 R-5.

21 MR. CEARFOSS: Good morning, Commissioners. Item
22 R-5 concerns staff's, consideration of the staff's proposed
23 procedural and scheduling order and the establishment of a
24 fee in two dockets, Docket Number 15392-U: This is Georgia
25 Power Company's Application for Certification and IRP

1 Amendments and Docket Number 15393-U: Savannah Electric and
2 Power Company's Application for Certificate and IRP
3 Amendments.

4 These two dockets are being consolidated in this
5 procedural and scheduling order due to the common nature of
6 the issues involved. The dates for this procedural and
7 scheduling order have been checked through the Executive
8 Secretary's office. There's one change from the proposed
9 procedural and scheduling order. That is the date for the
10 final briefs should be November 27th.

11 Also this order establishes the fees for both
12 Georgia Power Company and Savannah Electric. These fees are
13 to defray the cost of review of these filings. The fee
14 recommended for Georgia Power Company would be set at
15 \$206,000 and the fee for Savannah Electric and Power Company
16 would be set at \$127,000.

17 Staff recommends approval of this procedural and
18 scheduling order.

19 CHAIRMAN BURGESS: Commissioners, you've heard
20 the recommendation of staff. Any question or comments?

21 (No response.)

22 CHAIRMAN BURGESS: All in favor of adoption of
23 that recommendation, say aye.

24 COMMISSIONER BAKER: Aye.

25 CHAIRMAN BURGESS: Aye.

1 COMMISSIONER SIZEMORE: Aye.

2 VICE CHAIRMAN MCDONALD: Aye.

3 CHAIRMAN BURGESS: Opposed.

4 (No response.)

5 CHAIRMAN BURGESS: It's approved on a vote of
6 4-0.

7 R-6.

8 MR. CEARFOSS: Mr. Chairman, on R-6 if I could,
9 I'd like to take those individually (a), (b), and (c) and
10 I'd like to take (b) last.

11 CHAIRMAN BURGESS: Okay.

12 MR. CEARFOSS: R-6 is Docket Number 15576-U.
13 This is consideration of application by Georgia Power
14 Company for Commission approval of proposed modifications to
15 the company's schedules. The company in Item (a) is
16 proposing certain modifications to the Multiple Load
17 Management (MLM-2) tariff. The staff has no problems with
18 these recommended modifications and recommends approval.

19 CHAIRMAN BURGESS: Item R-6(a), you've heard the
20 staff's recommendation. Any question or comments?

21 (No response.)

22 CHAIRMAN BURGESS: All in favor of adoption of
23 Item R-6(a), say aye.

24 COMMISSIONER BAKER: Aye.

25 CHAIRMAN BURGESS: Aye.

1 COMMISSIONER SIZEMORE: Aye.

2 VICE CHAIRMAN MCDONALD: Aye.

3 CHAIRMAN BURGESS: All opposed.

4 (No response.)

5 CHAIRMAN BURGESS: It's approved on a 4-0 vote.

6 Item (c)

7 MR. CEARFOSS: Item R-6(c) is Fixed Price
8 Alternative. The company has recommended certain proposed
9 modifications to this tariff as well. Staff has no problems
10 with these proposed modifications and recommends approval.

11 CHAIRMAN BURGESS: You've heard staff
12 recommendation on the Item R-6(c). All in favor of adoption
13 of staff recommendation, say aye.

14 COMMISSIONER BAKER: Aye.

15 CHAIRMAN BURGESS: Aye.

16 COMMISSIONER SIZEMORE: Aye.

17 VICE CHAIRMAN MCDONALD: Aye.

18 CHAIRMAN BURGESS: It's approved on a 4-0 vote.

19 Item (b).

20 MR. CEARFOSS: Item R-6(b) concerns Time of Use
21 Schedule (TOU-5). Georgia Power has requested the freezing
22 of this tariff as effective June 2nd of this year that no
23 new customers could be added on to this tariff. Initially
24 during Energy Committee when I presented this, my
25 recommendation at that time was to deny approval of this

1 tariff and that was based on the discussions with Georgia
2 Power Company that they had not given me any firm indication
3 of what they intended to do with this tariff. They had
4 indicated that they were willing to discuss this tariff,
5 look at it in the next rate case; but I could not get
6 anything firm from them whether that they would change it or
7 would not change it.

8 Since that time I've had discussions with the
9 company. They are willing now to file a new tariff that
10 will replace this. Initially we discussed filing this new
11 tariff in the next rate case and that had been presented as
12 backup in the admin packet. Since that time I've had
13 further discussions with the company and we plan to
14 abbreviate that time frame so that one year from today or
15 from this day July 1st, they would file a new tariff that
16 would replace the TOU tariff and that tariff would then go
17 into effect August the 1st.

18 And this is also with their being willing to add
19 Standard Textiles to this tariff as the last customer that
20 would be added to the tariff before it's frozen. Standard
21 Textiles had contacted me on Friday and they had indicated
22 that they had been trying to get on this tariff. There was
23 two other customers that were trying to get on this tariff
24 previously and I had discussed those with Georgia Power and
25 we allowed those customers on the tariff. We'd also like to

1 allow Standard Textiles to get on the tariff. Standard
2 Textiles bought out Thomaston Mills. Thomaston Mills had
3 previously been on the TOU rate before they went out of
4 business and this gives them the opportunity to go back on
5 that TOU rate and at least have it for one year before
6 Georgia Power would file a update to that.

7 So the staff recommends then that the Commission
8 direct Georgia Power to file July 1st, 2003 to be effective
9 August 1st, 2003 a new rate schedule that replaces the TOU-5
10 and that the availability of this new rate schedule will not
11 be restricted. With these prerequisites, the staff reverses
12 its original recommendation and now recommends approval for
13 the time in use modifications.

14 CHAIRMAN BURGESS: Commissioners, you've heard
15 the recommendation of the staff on Item R-6(b). Any
16 question or comments?

17 (No response.)

18 CHAIRMAN BURGESS: All in favor of adoption of
19 the staff recommendation, say aye.

20 COMMISSIONER BAKER: Aye.

21 CHAIRMAN BURGESS: Aye.

22 COMMISSIONER SIZEMORE: Aye.

23 VICE CHAIRMAN McDONALD: Aye.

24 CHAIRMAN BURGESS: All opposed.

25 (No response.)

1 CHAIRMAN BURGESS: Approved on a 4-0 vote.

2 Item R-7.

3 MR. CEARFOSS: Item R-7 is Docket Number 15363-U.

4 This concerns Georgia Power Company's Renewable and
5 Non-Renewable Resources Tariff. The staff at this time
6 would like to ask that this item be held. We will bring it
7 back, plan to bring it back at the next Energy Committee.

8 CHAIRMAN BURGESS: This item will be held and
9 will be discussed at the next Energy Committee meeting.

10 Thank you, Mr. Cearfoss.

11 Item R-8.

12 MR. REINHARDT: Item R-8 is Docket 7892-U:
13 Performance Measurements for Telecommunications Unbundling
14 Interconnection and Resale. It's consideration of an
15 emergency motion by SECCA to establish a procedure for
16 implementation of changes to the service quality measures.

17 Staff is recommending adoption of BellSouth's
18 modified proposal with the three changes discussed by staff
19 at the last Telecommunications Committee.

20 CHAIRMAN BURGESS: Commissioners, you've heard
21 the recommendation of staff. Any question or comments
22 regarding that recommendation?

23 (No response.)

24 CHAIRMAN BURGESS: All in favor of adoption of
25 that recommendation, say aye.

1 COMMISSIONER BAKER: Aye.

2 CHAIRMAN BURGESS: Aye.

3 COMMISSIONER SIZEMORE: Aye.

4 VICE CHAIRMAN MCDONALD: Aye.

5 CHAIRMAN BURGESS: All opposed.

6 (No response.)

7 CHAIRMAN BURGESS: It's approved on a 4-0 vote.

8 Item R-9.

9 MS. O'LEARY: Item R-9 is Docket Number 15304-U:

10 Georgia Public Service Commission Rule Nisi against
11 Chickamauga Telephone Corporation. Consideration of Request
12 by the Company for a Petition for Suspension of Procedural
13 and Scheduling Order.

14 On June 18th, the Commission issued an order in
15 this docket amending its notice of hearing to require
16 Chickamauga phone company to prefile its testimony by 4:00
17 o'clock today for the upcoming July 10th hearing in this
18 matter. On June 26th, counsel for the company filed a
19 petition seeking suspension of the procedural and scheduling
20 order, requesting that these filing and hearing dates be
21 postponed I guess without specific date to allow further
22 settlement negotiations to proceed.

23 Based upon the productive nature of these
24 discussions thus far, staff has no objection to this
25 request. As such staff recommends that the time for the

1 company to prefile testimony be suspended without date and
2 the hearing scheduled for July 10th be postponed until such
3 time it is determined at the next Administrative Session on
4 July 16th whether a stipulation acceptable to the
5 Commission has been entered into by the parties. Should no
6 stipulation result or should the proposed contents of the
7 stipulation be deemed unacceptable by the Commission, new
8 expedited dates for the filing of testimony and hearing will
9 be established at that Administrative Session.

10 CHAIRMAN BURGESS: Commissioners, you've heard
11 the recommendation of staff. Any question or comments on
12 staff's recommendation?

13 (No response.)

14 CHAIRMAN BURGESS: All in favor of adoption of
15 staff recommendation, say aye.

16 COMMISSIONER BAKER: Aye.

17 CHAIRMAN BURGESS: Aye.

18 COMMISSIONER SIZEMORE: Aye.

19 VICE CHAIRMAN MCDONALD: Aye.

20 CHAIRMAN BURGESS: All opposed.

21 (No response.)

22 CHAIRMAN BURGESS: It's approved on a 4-0 vote.

23 That concludes our Utilities Agenda; but before
24 we move on to our Administrative Affairs Agenda, I want to
25 make a few comments about comments that were made by

1 representatives of the industrial customers at the
2 Commission's last Energy Committee meeting regarding the
3 contract that was entered into between the Commission and
4 SCANA who was selected as the regulated provider by this
5 Commission.

6 Just let me say first of all from the top, much
7 of the comments that were made by the industrial customers
8 regarding the legality of the contract and certain
9 provisions in the contract I simply disagree with. I think
10 the Commission has been prudent in following the law, the
11 legislation and the spirit and intent of the legislation and
12 believe that the contract is a prudent contract and is in
13 compliance with the law.

14 One concern I think generally concern that I
15 think the industrials were raising in the arguments to this
16 Commission was the fact that after the first year of that
17 contract, they were concerned about certain payments being
18 made from the UAF, prepayments being made from the UAF, and
19 overall, their overall involvement in the process.

20 One of the things that I do believe and that I do
21 have some concern that I think it would be prudent for the
22 Commission to consider and I would ask that the Commission
23 would direct the staff to come back to the next Energy
24 Committee meeting with some specific language and direct the
25 staff to get with SCANA who this Commission has entered into

1 that contract with that will provide for a more
2 comprehensive review of the entire regulated provider
3 program after the first year to ensure that no party, either
4 the Commission or SCANA, has been unduly harmed by the terms
5 contained in that contract.

6 So I would ask and direct the staff to come back
7 to the next Energy Committee meeting with some language for
8 consideration by this Commission to ensure that there is a
9 significant review, comprehensive review after the first
10 year of operation of the contract to ensure that, you know,
11 indeed the specific terms and conditions contained in the
12 contract are fair to all parties involved. So that requires
13 no action by this Commission this morning. I would just
14 simply ask that the staff would do that, bring some language
15 back to this Commission for consideration at our next Energy
16 Committee. If anybody has a problem with that, they can say
17 so now.

18 (No response.)

19 CHAIRMAN BURGESS: Hearing none, we're going to
20 move on. We've got an Administrative Affairs Agenda which
21 is all consent.

22 MS. FLANNAGAN: Yes, it is.

23 CHAIRMAN BURGESS: Any question or comments
24 regarding any of the items on the consent agenda?

25 (No response.)

1 CHAIRMAN BURGESS: Hearing none, all in favor of
2 adoption of the consent agenda, say aye.

3 COMMISSIONER BAKER: Aye.

4 CHAIRMAN BURGESS: Aye.

5 COMMISSIONER SIZEMORE: Aye.

6 VICE CHAIRMAN MCDONALD: Aye.

7 CHAIRMAN BURGESS: All opposed.

8 (No response.)

9 CHAIRMAN BURGESS: It's approved on a 4-0 vote.

10 MS. FLANNAGAN: Thank you.

11 CHAIRMAN BURGESS: That concludes our business
12 for today. Thank you.

13 (Whereupon, the administrative session
14 was concluded at 10:30 a.m.)

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C E R T I F I C A T E

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I, Patricia M. Moon, Certified Court Reporter, do
hereby certify that the foregoing transcript is an accurate
record of the proceedings had in the above-entitled matter
at the time and place therein set forth.

Patricia M. Moon, CCR B-1078

The minutes of the Administrative Session were
approved this _____ day of _____, 2002.

David L. Burgess, Chairman

Reece McAlister,
Executive Secretary

State of Florida



Public Service Commission
CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

COMMISSION
CLERK

02 JUN 27 AM 11:33

RECEIVED FPSC

DATE: June 27, 2002

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK &
ADMINISTRATIVE SERVICES (BAYO)

FROM: DIVISION OF COMPETITIVE MARKETS & ENFORCEMENT (HARVEY, *JD*
VINSON, BRUSSARD, DUFFEY) *JD*
OFFICE OF GENERAL COUNSEL (FUDGE) *JK*

RE: DOCKET NO. 000121A-TP - INVESTIGATION INTO THE
ESTABLISHMENT OF OPERATIONS SUPPORT SYSTEMS PERMANENT
PERFORMANCE MEASURES FOR INCUMBENT LOCAL EXCHANGE
TELECOMMUNICATIONS COMPANIES. (BELLSOUTH TRACK)

AGENDA: July 9, 2002 - REGULAR AGENDA - PROPOSED AGENCY ACTION -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\CMP\WP\000121A-CMP.RCM

ATTACHMENT NAME AND LOCATION: S:\PSC\CMP\WP\121ATTAC.RCM

CASE BACKGROUND

The Commission opened Docket No. 000121-TP to develop permanent performance metrics for the ongoing evaluation of operations support systems (OSS) provided for alternative local exchange carriers' (ALECs) use by incumbent local exchange carriers (ILECs). Associated with the performance metrics is a monitoring and enforcement program that is to ensure that ALECs receive nondiscriminatory access to the ILEC's OSS. Performance monitoring is necessary to ensure that ILECs are meeting their obligation to provide unbundled access, interconnection and resale to ALECs in a nondiscriminatory manner. Additionally, it establishes a standard against which ALECs and this Commission can measure performance

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

DOCKET NO. 000121A-TP

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over time to detect and correct any degradation of service provided to ALECs.

Docket No. 000121-TP consists of three phases. Phase I began with workshops conducted by staff with members of the ALEC and ILEC communities. These workshops were held on March 30, 2000, August 8, 2000, and December 13, 2000. The purpose of Phase I was to determine and resolve any policy and legal issues in this matter. Phase II involved establishing permanent metrics for BellSouth Telecommunications, Inc. (BellSouth), including a specific monitoring and enforcement program. With the completion of Phase II, the Commission is beginning Phase III of this docket, which entails the establishment of performance metrics and a performance monitoring and evaluation program for the other Florida ILECs.

By Order No. PSC-01-1819-FOF-TP, issued September 10, 2001, (Final Order), the Commission established permanent performance measures and benchmarks as well as a voluntary self-executing enforcement mechanism (Performance Assessment Plan) for BellSouth. By Order No. PSC-02-0187-FOF-TP, issued February 12, 2002, as amended by Order No. PSC-01-0187A-FOF-TP, issued March 13, 2002, BellSouth's Performance Assessment Plan was approved.

By Order No. PSC-02-0503-PCO-TP, issued April 11, 2002, Docket No. 000121-TP was divided into three sub-dockets: (1) 000121A-TP, in which filings directed towards the BellSouth track would be placed; (2) 000121B-TP, in which filings directed towards the Sprint track would be placed; and (3) 000121C-TP, in which filings directed towards the Verizon track would be placed.

This recommendation is being made to resolve outstanding issues with the BellSouth OSS test and is therefore linked to Dockets 960786B-TL and 981834-TP. However, because the issues raised here are related to Service Quality Measures, the method of effecting change in this case is through Docket 000121A-TP.

JURISDICTION

The Commission is vested with jurisdiction over this matter pursuant to Sections 364.01(3) and (4)(g), Florida Statutes. Pursuant to Section 364.01 (3), Florida Statutes, the Florida legislature has found that regulatory oversight is necessary for the development of fair and effective competition in the telecommunications industry. To that end, Section 364.01 (4) (g),

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Florida Statutes, provides, in part, that the Commission shall exercise its exclusive jurisdiction in order to ensure that all providers of telecommunications service are treated fairly by preventing anticompetitive behavior. Furthermore, it is noted that the FCC has encouraged the states to implement performance metrics and oversight for purposes of evaluating the status of competition under the Telecommunications Act of 1996.

DISCUSSION OF ISSUES

ISSUE 1: Should this Commission order BellSouth to file a specific action plan by July 30, 2002, on how it intends to achieve the Service Quality Measure flow-through benchmark by October 30, 2002, and adjust the Self Effectuating Enforcement Mechanism (SEEM) for the flow-through metric?

RECOMMENDATION: Yes. This Commission should order BellSouth to file a specific action plan by July 30, 2002, designed to improve the flow-through Service Quality Measure in order to achieve the mandated benchmark by October 30, 2002, and adjust the Self Effectuating Enforcement Mechanism (SEEM) for the flow-through metric. (BROUSSARD)

STAFF ANALYSIS: Flow-through is the ability of an ALEC's electronically submitted order to flow from the OSS interface to BellSouth's ordering systems and on to completion without human intervention. Flow-through of Local Service Requests (LSRs) is critical to the ALECs' ability to deliver service to customers in a timely manner. Fall-out of LSRs for manual handling can result in delays in the return of confirmations or errors and may have a negative impact on the timeliness of the completion of ALEC orders. Ultimately, these delays can result in a lower level of customer satisfaction and ultimately lead to loss of the ALEC's customer altogether.

In Docket No. 960786B-TL, the OSS Test Manager, KPMG Consulting, conducted transaction testing to determine if BellSouth's systems process order transactions in accordance with

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Service Quality Measures approved in Order No. PSC-00-2451-PAA-TP and PSC-01-1428-PAA-TL. According to the Florida Interim Service Quality Measurement Plan, Version 3.0, dated June 1, 2001, the benchmarks for the components of Percent Flow-Through Service Requests are:

SQM Flow-Through Benchmarks	
Residence	95%
Business	90%
Unbundled Network Elements (UNE)	85%
Local Number Potability (LNP)	85%

As a result of OSS testing and evaluation criteria, KPMG Consulting issued a "Not Satisfied" for UNE flow-through, meaning that this issue may have a significant business impact on ALECs.

During the initial production testing, from March 13, 2001 through November 25, 2001, KPMG Consulting experienced a 73.50 percent UNE flow-through rate. KPMG Consulting issued Exception 136 on January 15, 2002, detailing that BellSouth's performance of 82.14 percent on UNE flow-through during testing through January 4, 2002, was below the SQM benchmark of 85 percent. BellSouth's response to Exception 136 indicated that a defect modification was completed in a release in February 2002 to address orders that fell out for manual handling due to a due date calculation problem.

Based on retesting results through March 24, 2002, KPMG Consulting issued Second Amended Exception 136. The amendment noted that BellSouth's performance on UNE flow-through of 74.6 percent was again below the SQM benchmark of 85 percent. BellSouth's response indicated that a system enhancement was opened and implemented on June 1, 2002, to increase the opportunity for flow-through of xDSL migration orders. Exception 136 remains open.

Detailed KPMG Consulting results for UNE products are as follows:

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KPMG Consulting UNE Flow-Through Testing Results			
	Initial Test	Retest 1	Retest 2
Number of Expected Flow-Through	566	196	378
Number of Flow-Through	416	161	282
Percent Flow-Through	73.50%	82.14%	74.60%
SQM Benchmark	85%	85%	85%

(Source: BellSouth Telecommunications, Inc. OSS Evaluation Report, pg POP-274)

As a result of failing the OSS test for UNE flow-through, staff reviewed the aggregate commercial data for the flow-through metric. Residential and Business flow-through for December 2001 through March 2002 have consistently fallen below the benchmark as indicated in the table below. This table presents the most recent four months of available ALEC commercial data results reported by BellSouth:

Aggregate Commercial Data Results December 2001-March 2002					
	Benchmark	Dec	Jan	Feb	March
Residential	95%	89.50%	88.56%	87.17%	86.49%
Business	90%	74.07%	74.56%	75.20%	73.55%
UNE	85%	82.67%	85.50%	84.86%	83.88%
LNP	85%	87.62%	92.81%	94.12%	92.25%

Source: Varner Affidavit dated May 24, 2002, filed in Docket 960786B-TP and BellSouth Monthly Performance Summary Report, January 2002. (Shading denotes failure to meet benchmark.)

As noted above, BellSouth has consistently failed to achieve the benchmark for Residential, Business, and UNE flow-through. Flow-through, in general, is an important issue for ALECs. UNE flow-through is especially important to ALECs in Florida because UNEs are a step in the direction of facilities-based competition. As such, staff believes a more proactive approach should be taken

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to motivate BellSouth to perform at or above the benchmark for all elements of flow-through.

To this end, staff recommends that the Commission require BellSouth to file a specific action plan by July 30, 2002, that would reduce BellSouth-caused fall-out and result in compliance with benchmarks by October 30, 2002. In addition, staff recommends that BellSouth adjust its Self-Effectuating Enforcement Mechanism (SEEM) to establish a greater monetary incentive to meet the minimum flow-through benchmark for this metric.

Staff is proposing modifications to the approved BellSouth SEEM and recommends a separate remedy payment schedule be established for flow-through.

Proposed Tier 1

The "Ordering (O-4): Percent Flow-Through Service Requests (Detail)" metric provides flow-through results by individual ALEC. Currently, if BellSouth flow-through for a particular ALEC falls below the benchmark, payments under Tier 1 progress as follows:

Current SEEM Tier 1 Payments						
Measure	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Ordering	\$450	\$650	\$800	\$1,000	\$1,150	\$1,350

(Source: Florida Self-Effectuating Enforcement Mechanism Administrative Plan, pg A-1)

Since recent flow-through results have, in general, not achieved benchmarks, staff believes it is necessary to add a separate category and schedule of payments to address flow-through. Flow-through results which do not meet the benchmark for any one month would trigger payments per affected item as indicated below:

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Proposed SEEM Tier 1 Payments						
Measure	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Flow Through	\$900	\$1,300	\$1,600	\$2,000	\$2,300	\$2,700

Staff proposes the increase in payments for flow-through because the SEEM plan has been approved by the Commission since February 12, 2002, yet there has not been a positive impact on flow-through results. Staff believes significant action is needed at this time.

Proposed Tier 2

The "Ordering (O-3): Percent Flow-Through Service Requests (Summary)" metric is applicable to the Tier 2 SEEM. The Tier 2 remedy payment for Ordering, which included flow-through, is currently \$700 and is triggered when aggregate ALEC performance trails the benchmark for three consecutive months.

Staff proposes Tier 2 payments for flow-through, currently at \$700, be set at \$1,400 per month. Unlike the current scheme for Tier 2, which imposes payments after results fall below the benchmark for three consecutive months, staff recommends payments for flow-through be imposed each month BellSouth fails to meet the benchmark.

Staff further recommends that this modification to the Self-Effectuating Enforcement Mechanism Administrative Plan be revisited during the six-month review to determine if performance warrants continuance of the special Tier 1 and Tier 2 payment scheme for flow-through.

CONCLUSION: The Commission should order BellSouth to file a specific action plan by July 30, 2002, designed to improve flow-through in order to achieve the benchmark by October 30, 2002, and adjust the Self Effectuating Enforcement Mechanism (SEEM) for the flow-through metric by July 30, 2002 for the August 2002 results.

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ISSUE 2: To assist in resolving the issues within Exceptions 123 and 157 issued by KPMG Consulting in the Florida OSS test, should the Commission order BellSouth to implement metrics to better prevent and then correct software defects within certain intervals?

RECOMMENDATION: Yes. Staff recommends that BellSouth should establish three new metrics as part of the Service Quality Measures in Docket 000121A-TP. A metric for defect correction intervals and a metric for capturing the number of defects found in a release as shown in Attachments 1 should be adopted. Additionally, BellSouth should develop a software validation metric similar to that in use for Verizon New York. These metrics should be effective August 1, 2002. (DUFFEY)

STAFF ANALYSIS: Defective software releases are a significant issue that has emerged from the Florida Third Party Test of BellSouth's OSS. Software defects impair effective ALEC use of BellSouth's ordering, pre-ordering, billing, maintenance and repair systems. ALECs also incur increased costs for having to use manual systems when electronic interfaces fail.

KPMG Consulting Exception 123

Exception 123 states that BellSouth is not classifying change requests as defects in accordance with the BellSouth definition of a defect. KPMG Consulting identified a number of instances where defects were classified inappropriately as new features. According to KPMG Consulting, BellSouth is required to provide alternatives and/or fixes for all defect change requests within a specified time frame. However, issues classified as features or not opened at all are not subject to any resolution time frame. KPMG Consulting states that the lack of timely workarounds and resolutions to defects may result in the ALEC's inability to efficiently execute transactions with BellSouth resulting in ALEC customer dissatisfaction.

KPMG Consulting Exception 157

Exception 157 states that BellSouth fails to follow its software testing and quality processes. According to KPMG Consulting, BellSouth's incomplete internal software testing may affect an ALEC's ability to efficiently execute transactions with BellSouth, resulting in ALEC customer dissatisfaction. KPMG Consulting states that BellSouth did not completely test code

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changes for Release 10.2 and 10.3 prior to these releases going into production. The exception cited internal BellSouth documentation that showed BellSouth had "no plan to mitigate the adverse effect of reduced pre-release testing."

Exception 157 states that there were numerous "significant defects in the software when the releases were placed into the production environment." Exception 157 reveals that in Release 10.2 of September 2001, there were ten defects when the release was placed into production. In Release 10.3 of January 2002, there were 31 defects, and, in Release 10.5 in May 2002, there were an additional eleven defects in the software upon release into production.

According to KPMG Consulting, BellSouth identified and published 31 defects contained in the 10.3 release since its January 5, 2002, implementation. As of January 22, 2002, there was a backlog of 61 defect change requests with only 37 scheduled for correction in the April 2002 release.

BellSouth Response to Exceptions 123 and 157

In its post-workshop supplemental data submission on May 31, 2002, for Docket 960786B-TL, BellSouth argues that, notwithstanding the current and ongoing status of the two exceptions, the FCC adequately addressed these complaints together in its Georgia/Louisiana 271 application approval. BellSouth believes that due to information it provided to the FCC in its application, and supported by the Georgia Public Service Commission in its comments, the FCC did not concur with "commenters' assertions that BellSouth fails to implement corrections to defects in a timely manner and that there are unnecessary defects because BellSouth's software implementations are not sufficiently tested before release." BellSouth agrees that reducing coding defects is beneficial for ALECs and that software releases with numerous defects can inhibit a smooth transition between releases.

BellSouth claims that the FCC found "that BellSouth demonstrates that most of these defects have a very small impact and have been corrected quickly and within the time frames set by the Change Control Process." BellSouth points out that the FCC noted the BellSouth explanation that, of the 38 defects outstanding as of March 5, 2002, a number were scheduled or targeted for implementation this year.

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BellSouth contends that the evidence shows that it adequately tests for defects. As affirmation of its resolve to properly test and implement releases, BellSouth points to the recent testing of Release 10.5. This release contained numerous complex features and defect fixes. BellSouth claims that appropriate notifications leading up to the implementation were provided to ALECs. BellSouth notes that Release 10.5 was also available to ALECs in the CLEC Application Verification Environment (CAVE). BellSouth discovered certain defects for which there was no workaround or fixes by the scheduled date for implementation. BellSouth argues that it acted appropriately by delaying Release 10.5 for two weeks.

BellSouth contends that such discoveries are not the result of inadequate testing but rather the result of extensive and intensive internal testing. It believes that ALECs will be better served by the delay in terms of receiving a better release, as well as gaining an additional two weeks of testing their own scenarios. BellSouth states that the ALEC complaints, as well as the Florida Third Party Exceptions, are based upon situations occurring prior to the development of new Change Control Process language regarding "ALEC-affecting" defects and revisions to the software testing processes (including additional ALEC testing capabilities in CAVE).

Staff is concerned that some BellSouth releases have contained so many defects that software development resources are being dedicated to correcting those defects after a release, which may be diverting resources from addressing and providing ALEC-requested new features. This contributes to the backlog of unimplemented change requests.

Staff understands that Release 10.5 was delayed due to newly found defects just prior to the scheduled implementation date. As a result, Release 10.6 and 11.0 have each been delayed three weeks to a month. BellSouth contends that the delay of Release 10.5 demonstrates that it adequately tests for defects. Staff agrees that a delay is better than putting a problematic release into production just to meet the announced schedule. However, BellSouth's argument does not address the resulting after effects of the delay. Not only did Release 10.5 contain additional defects after it went into production, but BellSouth has announced that two upcoming releases will be delayed three weeks to a month each. Staff believe that BellSouth is in a spiral in which it is unable to implement releases both on schedule and with only a reasonable number of defects.

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For example, on June 10, 2002, the BellSouth Quarterly Tracking Reports showed that 76 percent of the Change Requests BellSouth has implemented since the Change Control Process began in 1998 have been for defects. According to the current BellSouth Release Log for the month of May 10 to June 10, 2002, 87 percent of the Change Requests implemented were for defects.

Staff is concerned that the problems in Release 10.5 were found so close to the originally scheduled release date. If BellSouth testing procedures and resources are adequate, why are severe defects being found so late in release development? Moreover, staff is concerned that while the delay may have prevented some serious defects from going into production, there were still high and medium-impact defects in Release 10.5 after it was placed into production. Based on the above, staff cannot concur with BellSouth's contention that it adequately tests for defects.

Tighter software defect correction intervals will diminish concerns about miscoding the severity levels of defects by BellSouth. ALECs and staff have observed numerous instances of miscoding of defect severity levels. Defect correction intervals are tied to BellSouth assigned severity codes. Defects coded as "low impact" have an open-ended resolution time period, which is stated in the Change Control document as "best effort."

In addition, staff believes that tighter defect software intervals with associated metrics will incent BellSouth to improve the quality of software releases rather than suffer penalties for excessive defects. The staff proposed metric for defect correction interval measurement is contained in Attachment 1. The metric is *Percent of Software Error Corrected in X (10, 30, 45) Business Days*. Staff believes this metric will expedite defect correction. Tier 2 remedy payments are applicable to this metric. Additionally, staff is proposing a metric titled *Number of Defects in Production Releases*. This metric will capture the number of defects associated with a release within the initial three-week period of its implementation. The bulk of defects associated with any release are typically found within three weeks. This metric is shown in Attachment 2.

Adequate testing should help BellSouth meet the twin goals of quality and timeliness. In addition, adequate testing should help BellSouth retain all the scheduled features and defect corrections

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in a particular release with minimal further defects. In order to potentially resolve this issue, staff is recommending that BellSouth develop a new metric for Software Validation. The metric should be designed similar to the Software Validation metric currently in place for Verizon New York. Implementation of staff's recommendation for a new metric for software validation will require BellSouth to improve and expand the test deck it currently uses to validate scenarios used by ALECs.

CONCLUSION: Staff recommends that BellSouth should establish three new metrics as part of the Service Quality Measures in Docket 000121A-TP. A metric for defect correction intervals and a metric for capturing the number of defects found in a release as shown in Attachment 1 should be adopted. Additionally, BellSouth should develop a Software Validation metric similar to that in use for Verizon New York. These metrics should be effective August 1, 2002.

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DATE: June 27, 2002

ISSUE 3: Should this docket be closed?

RECOMMENDATION: No, if no person whose substantial interests are affected files a protest within 21 days of the issuance date of the Order, the Order will become final upon the issuance of a Consummating Order. The docket should remain open to conduct the six-month review outlined in Order No. PSC-01-1819-FOF-TP. Staff recommends that if a protest is filed, then resolution of the protest should be addressed during the six-month review process.
(FUDGE, HARVEY)

STAFF ANALYSIS: If no person whose substantial interests are affected files a protest within 21 days of the issuance date of the Order, the Order will become final upon the issuance of a Consummating Order. The docket should remain open to conduct the six-month review outlined in Order No. PSC-01-1819-FOF-TP. Staff recommends that if a protest is filed, then resolution of the protest should be addressed during the six-month review process.

Percent of Software Errors Corrected in X (10, 30, 45) Business Days

Definition

Measures the percent of Software Errors corrected by BellSouth in X (10, 30, 45) business days within the report period.

Exclusions

- ◆ Software Corrections having implementation intervals that are longer than those defined in this measure and agreed upon by the CLECs.
- ◆ Rejected or reclassified software error (BellSouth must report the number of rejected or reclassified software errors disputed by the CLECs.)

Business Rules

This metric is designed to measure BellSouth's performance in correcting identified Software Errors within the specified interval. The clock starts when a Software Error validation is due to the CLEC per the Change Control Process, a copy of which can be found at http://www.interconnection.bellsouth.com/markets/lec/ccp_live/index.html, and stops when the error is corrected and notice is posted to the Change Control Website. Software defects are defined as Type 6 Change Requests in the Change Control Process.

Calculation

Percent of software Errors Corrected in X (10, 30, 45) Business Days = $(a \div b) \times 100$

a = Total number of Software Errors corrected where "X" = 10, 30, or 45 business days.

b = Total number of Software Errors requiring correction where "X" = 10, 30, or 45 business days.

Report Structure

Severity Level 2 = 10 Business Days

Severity Level 3 = 30 Business Days

Severity Level 4 = 45 Business Days

Data Retained

Report Period

Total Completed

Total Completed Within X Business Days

Disputed, Rejected or Reclassified Software Errors

SQM Level of Disaggregation - Analog/Benchmark

SQM Level of Disaggregation	SQM Analog/Benchmark
Region	95% within interval

SEEM Measure

SEEM Measure		
Yes	Tier I	
	Tier II	X

SEEM Disaggregation - Analog/Benchmark

SEEM Disaggregation	SEEM Analog/Benchmark
Not Applicable	95% within interval

Number of Defects in Production Releases (Type 6 CR)

Definition

Measures the number of defects in Production Releases. This measure will be presented as the number of Type 6 Severity 1 defects, the number of Type 6 Severity 2 defects without a mechanized work around, and the number of Type 6 Severity 3 defects resulting within a three week period from a Production Release date. The definition of Type 6 Change Requests (CR) and Severity 1, Severity 2, and Severity 3 defects can be found in the Change Control Process Document.

Exclusions

None

Business Rules

This metric measures the number of Type 6 Severity 1 defects, the number of Type 6 Severity 2 defects without a mechanized work around, and the number of Type 6 Severity 3 defects resulting within a three week period from a Production Release date. The definitions of Type 6 Change Requests (CR) and Severity 1, 2, and 3 defects can be found in the Change Control Process, which can be found at http://www.interconnection.bellsouth.com/markets/lec/ccp_live/index.html.

Calculation

The number of Type 6 Severity 1 Defects, the number of Type 6 Severity 2 Defects, and the number of Type 6 Severity 3 Defects without a mechanized work around.

Report Structure

Production Releases
Number of Type 6 Severity 1 defects
Number of Type 6 Severity 2 defects without a mechanized work around
Number of Type 6 Severity 3 defects

Data Retained

Region
Report Period
Production Releases
Number of Type 6 Severity 1 defects
Number of Type 6 Severity 2 defects without a mechanized work around
Number of Type 6 Severity 3 defects

SQM Level of Disaggregation - Analog/Benchmark

SQM Level of Disaggregation	SQM Analog/Benchmark
Region--Number of Type 6 Severity 1 defects	0 Defects
Region--Number of Type 6 Severity 2 defects without a mechanized work around	0 Defects
Region--Number of Type 6 Severity 3 defects	0 Defects

SEEM Measure

SEEM Measure		
No	Tier I	
	Tier II	

SEEM Disaggregation - Analog/Benchmark

SEEM Disaggregation	SEEM Analog/Benchmark
Not Applicable	

Function:		
PO-6 Software Validation		
Definition:		
<p>This metric measures software validation. Verizon maintains a test deck of transactions that are used to validate that functionality in a software release works as designed. Each transaction in the test deck is assigned a weight factor, which is based on the weights that have been assigned to the metrics in any Performance Assurance Plan (PAP) that the Commission may adopt in relationship to Verizon New York's application to provide interLATA services in New York. Within the software validation metric, weight factors will be allocated among transaction types (e.g., <i>Pre-Order</i>, <i>Resale-Order</i>, <i>UNE-Order</i>, <i>Platform-Order</i>) and then equally distributed across specific transactions within type. The initial array of weights for the transaction types are displayed in Appendix O. If test transactions are added to the test deck, the distribution of weights between transaction types will be retained, and then equally re-distributed across specific transactions within type. The allocation of weight factors among transaction types may be adjusted as part of the annual review process.</p> <p>Verizon New York will execute the test deck at the start of the Quality Assurance (QA) and at the completion of QA. Within one (1) business day, following a non-emergency software release to production as communicated through Change Management, Verizon New York will begin to execute the test deck in production using training mode. Upon completion of the test, Verizon New York will report the number of test deck transactions that were rejected or otherwise failed during execution of the test. Each failed transaction will be multiplied by the transaction's weight factor.</p> <p>A transaction is considered failed if the request cannot be submitted or processed, or results in incorrect or improperly formatted data.</p> <p>This software validation metric is defined as the ratio of the sum of the weights of failed transactions in production using training mode to the sum of the weights of all transactions in the test deck.</p>		
Exclusions:		
None.		
Performance Standard:		
≤ 5 %		
Sub-Metrics		
PO-6-01	Software Validation	
Calculation	Numerator	Denominator
	Sum of weights of failed transactions.	Sum of weights of all transactions in the test deck.

February 2002

Change Control Assurance Plan

	% On Time	Observations	Mrkt Adj.
PO-4-01 % Change Management Notices sent on Time (type 2,4,5)	100	1	\$ -

	* Cumulative number of delay days greater than 5 standard	Delay Days*	Observations
PO-4-03 Change Management Notice Delay 8 plus Days (type 1-5)	NA	NA	\$ -

	% Test Deck Wgt. Failure	Test Deck Wgt.	
PO-5-01 % Software Validation	0	142	\$ -

	* Cumulative number of delay hours greater than 48 hour standard	Delay Hours*	Observations
PO-7-04 Delay Hours - Failed/Rejected Test Deck Transactions Transactions failed, no workaround	NA	NA	\$ -

Total Market Adjustment	\$ -
Resale allocation	18% \$ -
UNE allocation	82% \$ -



Public Service Commission

Capital Circle Office Center • 2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: JULY 15, 2002

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK & ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF COMPETITIVE MARKETS & ENFORCEMENT (HARVEY, VINSON, DUFFEY)
OFFICE OF THE GENERAL COUNSEL (KEATING, BANKS)

RE: DOCKET NO. 960786B-TL - CONSIDERATION OF BELLSOUTH TELECOMMUNICATIONS, INC.'S ENTRY INTO INTERLATA SERVICES PURSUANT TO SECTION 271 OF THE FEDERAL TELECOMMUNICATIONS ACT OF 1996. (THIRD PARTY OSS TESTING)

DOCKET NO. 981834-TP - PETITION OF COMPETITIVE CARRIERS FOR COMMISSION ACTION TO SUPPORT LOCAL COMPETITION IN BELLSOUTH TELECOMMUNICATIONS, INC.'S SERVICE TERRITORY.

AGENDA: JULY 23, 2002 - REGULAR AGENDA - PROPOSAL TO RESOLVE TEST EXCEPTION - PARTIES SHOULD BE ALLOWED TO PARTICIPATE AT COMMISSION'S DISCRETION

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\CMP\WP\960786B.RCM

ATTACHMENT NAME AND LOCATION: Reference attachment to recommendation filed on June 27, 2002, Document #06633-02, which is in confidential lock up in Clerk's office.

CASE BACKGROUND

On December 10, 1998, the Florida Competitive Carriers Association (FCCA), the Telecommunications Resellers, Inc. (TRA), AT&T Communications of the Southern States, Inc. (AT&T), MCImetro Access Transmission Services, LLC (MCImetro), Worldcom Technologies, Inc. (Worldcom), the Competitive Telecommunications Association (Comptel), MGC Communications, Inc. (MGC), and

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Intermedia Communications Inc. (Intermedia) (collectively, "Competitive Carriers") filed their Petition of Competitive Carriers for Commission Action to Support Local Competition in BellSouth's Service Territory.

On December 30, 1998, BellSouth Telecommunications, Inc. (BellSouth) filed a Motion to Dismiss the Petition of the Competitive Carriers for Commission Action to Support Local Competition in BellSouth's Service Territory. BellSouth requested that the Commission dismiss the Competitive Carriers' Petition with prejudice. On January 11, 1999, the Competitive Carriers filed their Response in Opposition to BellSouth's Motion to Dismiss. By Order No. PSC-99-0769-FOF-TP, issued April 21, 1999, the Commission denied BellSouth's Motion to Dismiss. In addition, the Commission denied the Competitive Carriers' request to initiate a rulemaking proceeding to establish expedited dispute resolution procedures for resolving interconnection agreement disputes. The Commission also directed staff to provide more specific information and rationale for its recommendation on the remainder of the Competitive Carriers' Petition.

On May 26, 1999, the Commission issued Order No. PSC-99-1078-PCO-TP, which granted, in part, and denied, in part, the petition of the Florida Competitive Carriers' Association to support local competition in BellSouth's service territory. Specifically, the Commission established a formal administrative hearing process to address unbundled network elements (UNE) pricing, including UNE combinations and deaveraged pricing of unbundled loops. The Commission also ordered that Commissioner and staff workshops on Operations Support Systems (OSS) be conducted concomitantly in an effort to resolve OSS operational issues. The Commission stated that the request for third-party testing (TPT) of OSS was to be addressed in these workshops. These workshops were held on May 5-6, 1999. The Commission also ordered a formal administrative hearing to address collocation and access to loop issues, as well as costing and pricing issues.

On May 28, 1999, FCCA and AT&T filed a Motion for Independent Third-Party Testing of BellSouth's OSS. BellSouth filed its Response to this Motion by the FCCA and AT&T on June 16, 1999. That same day, FCCA and AT&T filed a Supplement to the Motion for Third-Party Testing. On June 17, 1999, ACI Corp. (ACI) filed a Motion to Expand the Scope of Independent Third-Party Testing. On June 28, 1999, BellSouth responded to the Supplement filed by FCCA and AT&T. On June 29, 1999, BellSouth responded to ACI's Motion to Expand the Scope of Independent Third-Party Testing. By Order No.

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PSC-99-1568-PAA-TP, issued August 9, 1999, the Commission denied the motion. Upon its own motion, the Commission approved staff's recommendation to proceed with Phase I of third-party testing of BellSouth's OSS. Phase I of third-party testing required a third party, in this case KPMG Consulting LLC, to develop a Master Test Plan (MTP) that would identify the specific testing activities necessary to demonstrate nondiscriminatory access and parity of BellSouth's systems and processes.

By Order No. PSC-00-0104-PAA-TP, issued January 11, 2000, the Commission approved the KPMG MTP and initiated Phase II of third-party testing of BellSouth's OSS. On February 8, 2000, by Order No. PSC-00-0260-PAA-TP, the Commission approved interim performance metrics to be used during the course of testing to assess the level of service BellSouth is providing to ALECs. By Order No. PSC-00-0563-PAA-TP, issued March 20, 2000, the Commission approved the retail analogs/benchmarks and the statistical methodology that should be used during the OSS third-party testing.

By Order No. PSC-00-2451-PAA-TP, issued December 20, 2000, the Commission approved revised interim performance metrics, benchmarks and retail analogs to be used during the third-party OSS testing. The revised interim metrics were ordered to address several changes made to BellSouth's initial set of interim metrics approved by Order No. PSC-00-0260-PAA-TP. The revised interim metrics included corrections to the business rules used to calculate the metrics and additional levels of detail allowing the metrics to capture BellSouth's performance on newer services such as Local Number Portability (LNP). Since Order No. PSC-00-2451-PAA-TP, BellSouth has issued additional changes to its revised interim metrics in other jurisdictions. By Order No. PSC-01-1428-PAA-TL, issued July 3, 2001, the Commission approved additional changes to update metrics and retail analogs and provide additional levels of disaggregation.

On April 3, 2002, by Order No. PSC-02-0450-PCO-TP, the Commission revised the Master Test Plan for Testing BellSouth Telecommunications, Inc.'s Operations Support System to remove the Robotag interface from testing. On June 21, 2002, KPMG Consulting published the OSS Draft Final report. The report contained several open exceptions. This recommendation will assist in the resolution of one of those open issues.

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Staff filed a recommendation for the July 9, 2002 Agenda conference recommending a change to the BellSouth Change Control Process in order to resolve Exception 88 of the Third-Party OSS Test. On July 2, 2002, AT&T filed a request for deferral of the item. The request was approved. On July 11, 2002, AT&T filed a proposal with staff to address test Exception 88. This recommendation includes staff analysis of the AT&T proposal.

JURISDICTION

Section 271(a) of the Telecommunication Act of 1996 (Act) provides that a Regional Bell Operating Company (RBOC) may not provide interLATA services except as provided in Section 271. Section 271(d) of the Act provides, in part, that prior to making a determination under Section 271, the Federal Communications Commission (FCC) shall consult with the State commission of any State that is the subject of a Section 271 application in order to verify the compliance of the RBOC with requirements of Section 271(c). In addition, Section 120.80(13)(d), Florida Statutes, provides that the Commission can employ processes and procedures as necessary in implementing the Act. Therefore, this Commission has jurisdiction in evaluating BellSouth's OSS through third-party testing, which will enable it to consult with the FCC when BellSouth requests 271 approval from the FCC.

DISCUSSION OF ISSUES

ISSUE 1: In order to resolve the issues within Exception 88, issued by KPMG Consulting in the Florida OSS test, should BellSouth's proposed change control and software release management process entitled *End-to-End Process Flow, Draft Version 2.1*, dated June 2002, be implemented?

RECOMMENDATION: Yes. BellSouth's proposed change control and software release management process, entitled *End-to-End Process Flow, Draft Version 2.1*, should be implemented. **(DUFFEY)**

STAFF ANALYSIS: In July 2001, KPMG Consulting issued Exception

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88. The exception states that the BellSouth Change Control Prioritization Process does not allow ALECs to be involved in prioritization of all ALEC-impacting change requests.

Change Requests originate from both external sources (ALECs, industry standards, and regulatory mandates) and internal BellSouth organizations. These Change Requests affect BellSouth's wholesale business and its ALEC customers. ALECs depend upon new functionality in the interfaces they use for increased efficiency in ordering, billing, launching of new marketing schemes and other vital business needs.

KPMG Consulting Exception 88

KPMG Consulting found that ALECs are unable to participate in the prioritization of change requests that originate from internal BellSouth organizations (Regulatory Team, Third Party Testing Team, the LCSC, and Project Managers) that affect BellSouth's wholesale business and, therefore, the ALEC community. According to KPMG's exception, the policy of not allowing prioritization of internal change requests inhibits one of the primary objectives of the CCP, which is "to allow for mutual impact assessment and resource planning to manage and schedule changes."

Further, KPMG Consulting stated that the impact of BellSouth's Internal Change Management Prioritization Process limited the ALEC community's participation in prioritization of all change requests, not only those originating internally but also those originated by ALECs. KPMG Consulting noted that the ALEC community's lack of participation in any change requests that affect ALEC businesses could result in change requests important to the ALEC community not being developed or implemented in a timely manner.

Exception 88 remains open and cannot be satisfied until a new process that allows mutual impact assessment and mutual resource planning is implemented. Staff notes that BellSouth has an established collaborative forum in which change control issues are addressed. To date, because of this collaborative process, BellSouth has not fully implemented a change to the external CCP process because it has not had ALEC approval. On May 2, 2002, ALECs refused to vote on any changes to this plan in the Change Control Process Improvements Workshop. Had ALECs concurred, the proposal would have been presented to all ALECs doing business

with BellSouth for a vote to amend the BellSouth Change Control Process document accordingly. ALECs refused to vote because they want to be able to prioritize BellSouth's changes to its own systems that may affect them in conjunction with changes they propose.

BellSouth Response to Exception 88

In its response to Exception 88, BellSouth stated that in its opinion, BellSouth's CCP has allowed ALECs to be appropriately involved in the prioritization of all ALEC-impacting change requests. However, in response to the exception, BellSouth adopted a revised and broader definition of "ALEC-affecting" to be used as systems modifications move forward. In addition, BellSouth has responded with a new proposal known as the "50/50 plan." It is included in Attachment 1.

At the FPSC OSS ALEC Commercial Experience Workshop on February 12, 2002, BellSouth proposed the concept of the "50/50 plan" to address KPMG Consulting and ALEC concerns. The *End-to-End Process Flow, Version 2.1* draft is based on the "50/50" release capacity plan in which, after all scheduled defects are corrected, all regulatory mandates implemented, and all needed updated industry standards are built, ALECs and BellSouth would share equally the remaining release capacity for the year. BellSouth would show ALECs the changes it had initiated (Type 4) and intended to implement. These change requests would have undergone analysis as to whether they impacted ALECs or not. The Type 4 or BellSouth-initiated changes would be slotted into two BellSouth releases during the year. ALECs would prioritize their change requests (Type 5 or ALEC-initiated), and these would be slotted for implementation in two announced ALEC releases during the year.

In the current "50/50" proposal, BellSouth agrees to provide the ALECs with an estimate of total capacity at the time of prioritization. BellSouth believes that the "50/50" proposal provides a means for both the ALECs and BellSouth to prioritize changes in accordance with their respective operational considerations.

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In its last response to Exception 88, BellSouth says that it has demonstrated a series of good faith efforts in the last few months to address: 1) The definition of "ALEC-affecting;" 2) The

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disclosure of available capacity; and 3) The desire of both parties to have their respective operational needs identified and included as part of the prioritization process. As previously noted, BellSouth's latest proposal has gone before the collaborative Change Control Process forum with attending ALECs where the "50/50 plan" was rejected by ALECs.

In a late submission filed with the Commission on July 11, 2002, AT&T offered its proposal to address Exception 88 issued by KPMG. AT&T states that "The ALECs strenuously disagree with the concept of separate ALEC and BellSouth production releases or "tracks." The establishment of a separate path for BellSouth's self-initiated change requests with a guaranteed 50 percent of the forecast capacity is unwarranted, wasteful of scarce programming resources, and counterproductive. Unified releases maximize the efficient utilization of BellSouth's programming resources. Given that the prioritization and order of implementation under the ALECs' proposal is jointly determined, it is logical that any changes thereafter should be jointly determined and, therefore, require ALEC concurrence."

Continuing, AT&T further contends that "Throughout BellSouth's proposed changes to the CCP reflected in Attachment 1, there are references to how BellSouth will manage the ALEC production releases, but not one mention of how it will manage the so-called BellSouth production releases. BellSouth states that its concept provides "parity" - "Estimated capacity for production releases is equal." However, there is nothing to suggest that a blind equal allocation of capacity has any validity. An analysis of the year 2003 capacity information that BellSouth made available beginning on May 10, 2002, reveals that it is not. In 2003, BellSouth's blind allocation has provided BellSouth with capacity beyond its own needs to the detriment of ALEC needs."

Staff believes that BellSouth has demonstrably legitimate proprietary business needs which it must meet in order to function properly. ALECs will have visibility into the impacts of changes on the systems they use. Further, BellSouth has committed to

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independent third-party verification of capacity used and remaining after each new software release. This information will

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permit ALECs to trend resource allocation by BellSouth over time and match individual ALEC-initiated change request sizes to available capacity.

Further, Staff has a serious concern that BellSouth may miss expected performance benchmarks if AT&T's proposal was adopted. If ALECs were to prioritize change requests only as they chose, certain changes needed to reach flow-through or other benchmarks might be delayed due to displacement of these changes by priorities ranked higher by ALECs.

Staff will make a recommendation to the Commission in the near future concerning the merits of the ALECs' call for a mandatory implementation cycle for ALEC-initiated change requests. In addition, Staff notes that nothing precludes ALECs and BellSouth from reaching agreement on any modification to the Change Control process. In addition, nothing precludes or preempts any other regulatory jurisdiction from any action on this topic which it deems appropriate. If, after 12 months, staff believes the Commission should reexamine its decision, staff will submit a report identifying areas of concern that the Commission may wish to revisit. Staff would observe key elements of BellSouth change control release development and implementation processes, including important meetings, service quality measurements, prioritizations, and ALEC participation.

CONCLUSION: Staff recommends that, at present, the "50/50" proposal, as reflected in the attached document entitled "*End-to-End Process Flow Draft, Version 2.1*" be implemented by BellSouth to resolve the Change Control Process impasse.

ISSUE 2: Should these dockets be closed?

RECOMMENDATION: No. These dockets should remain open pending further review and Commission consideration of the OSS test results. **(KEATING, BANKS)**

STAFF ANALYSIS: Staff believes these dockets should remain open pending further review and Commission consideration of test results.